GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA

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Electronics Industry
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Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) the details of the impact of global economic slowdown on the electronics industry including computers;
(b) whether this slowdown has put many electronics entrepreneurs in distress;
(c) if so, the details thereof; and
(d) the corrective measures taken/being taken by the Government in this regard?

Answer

(a), (b) and (c): As per the world Economic Outlook (WEO) published by the International Monetary Fund (IMF) in October 2015, global growth declined in the first half of 2015. The report projects global growth for 2015 at 3.1% which is lower than the growth estimated in the WEO for 2014. While a one to one relationship between slower global growth with production of electronics in India is difficult to draw, it is seen that during the first half of 2015-16, certain items of electronics as reported and included in the Index of Industrial Production released by the Central Statistical Organisation (CSO) for the period April - September 2015 showed negative growth. As per Directorate General of Commercial Intelligence and Statistics (DGCIS) figures, export of electronics from India has also shown negative growth during the first half of 2015-16.

(d) Statement indicating the measures taken/being taken by the government in this regard is at Annexure.

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Annexure

Steps taken by the Government to promote Electronics Hardware Manufacturing in the country

1. Promotion of electronics hardware manufacturing is one of the pillars of Digital India campaign of the Government.
2. Modified Special Incentive Package Scheme (M-SIPS) provides financial incentives to offset disability and attract investments in the electronics hardware manufacturing including chip manufacturing. The scheme provides subsidy for investments in capital expenditure - 20% for investments in Special Economic Zones (SEZs) and 25% in non-SEZs.
3. Electronics Manufacturing Clusters (EMC) Scheme provides financial assistance for creating world-class infrastructure for electronics manufacturing units. The assistance for the projects for setting up of Greenfield Electronics Manufacturing Clusters is 50% of the project cost subject to a ceiling of Rs. 50 Crore for 100 acres of land. For larger areas, pro-rata ceiling applies. For lower extent, the extent of support would be decided by the Steering Committee for Clusters (SCC) subject to the ceiling of Rs. 50 Crore. For setting up of Brownfield Electronics Manufacturing Cluster, 75% of the cost of infrastructure, subject to a ceiling of Rs.50 Crore is provided.
4. Policy for providing preference to domestically manufactured electronic products in Government procurement is under implementation.
5. Electronic Development Fund (EDF) policy has been approved to support Daughter Funds including Early Stage Angel Funds and Venture Funds in the area of Electronics System Design and Manufacturing, Nano-electronics and IT. The supported Daughter Funds will promote innovation, R&D, product development and within the country.
6. A meeting of State IT Ministers and State Government Officials was held on 26.08.2014 to encourage them to actively promote electronics manufacturing. Several States have shown keen interest.
7. Approvals for all foreign direct investment up-to 100% in the electronic hardware manufacturing sector are under the automatic route.
8. Under the Electronics Hardware Technology Park (EHTP) Scheme, approved units are allowed duty free import of goods required by them for carrying on export activities, CST reimbursement and excise duty exemption on procurement of indigenously available goods, as per the Foreign Trade Policy.
9. Tariff Structure has been rationalized to promote indigenous manufacturing of electronic items.
10. Mandatory compliance to safety standards has been notified for identified Electronic Products with the objective to curb import of sub-standard and unsafe electronics goods. As of now, 30 electronic products are under the ambit of this Order.
11. Two Schemes for skill development of 90,000 and 3,28,000 persons, respectively in the electronics sector has been approved to provide human resource for the industry.

12. Government has approved setting up of two semiconductor wafer fabrication (FAB) manufacturing facilities in India.
13. The 'Scheme to enhance the number of PhDs in the Electronic System Design and Manufacturing (ESDM) and IT/IT Enabled Services (ITES) sectors has been approved. 3000 PhDs are proposed to be supported under the Scheme.
14. Steps have been taken for the development and implementation of the Indian Conditional Access System (CAS) to promote indigenous manufacturing of Set Top Boxes (STBs), keeping in view the huge indigenous requirement on account of roadmap for digitalization of the broadcasting sector.
15. An Electropreneur park has been approved for providing incubation for development of ESDM sector which will contribute IP creation and Product Development in the sector.
16. National Centre of Excellence in Large Area Flexible Electronics (NCFLEX) is being set up in IIT Kanpur with the objectives to promote R&D; Manufacturing; Ecosystems; Entrepreneurship; International Partnerships and Human Resources and develop prototypes in collaboration with industry for commercialization.
17. National Centre of Excellence for Technology on Internal Security (NCETIS) is being set up at IIT-Bombay with the objective to address the internal security needs of the nation on continuous basis by delivering technology prototypes required for internal security and to promote domestic industry in internal security.
18. Centre for Excellence on Internet of Things (IoT) is being set up in Bengaluru jointly with NASSCOM.
19. An Incubation center with focus on medical electronics is being set up at Indian Institute of Technology - Patna.
20. The Department of Electronics and Information Technology (DeitY) provides funding under several schemes for promotion of R&D, including support for International Patents in Electronics & IT (SIP-EIT); Multiplier Grants Scheme and Scheme for Technology Incubation and Development of Entrepreneurs (TIDE) in the area of Electronics, ICT and Management.
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